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FISCAL IMPACT REPORT

SPONSOR: Powdrell-Culbert DATE TYPED: 2/3/03 HB 118

SHORT TITLE: Local Government Investments SB

ANALYST: Neel

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$0.01 See Narrative		Recurring	Local government

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 41, Local Government Investments

SOURCES OF INFORMATION

LFC files

Responses Received From

Department of Finance and Administration (TRD)

SUMMARY

Synopsis of Bill

SB 118 allows county and municipal governments to invest in securities of agencies sponsored by the federal government. Existing law restricts such investments to securities guaranteed by the federal government.

Significant Issues

This would allow county and municipal governments to invest in backed securities such as Freddie Mac, Fanny Mae and Federal Home Loan Board securities that have better yields than securities guaranteed by the federal government.

Local governments can already access these investment vehicles through the State Treasurer's local investment pool.

FISCAL IMPLICATIONS

No fiscal impact is noted. However; there will be a positive impact on local revenues if local entities shift their portfolio toward higher yielding investments.

SN/njw:yr